



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

DEC - 6 2007

OFFICE OF
AIR AND RADIATION

Dear Tribal Leaders and Representatives:

On behalf of the US Environmental Protection Agency's Office of Office of Air and Radiation, I am writing to provide information on our recent and upcoming efforts related to climate change, to enhance communication between your tribal government and EPA and to encourage tribal participation in our ongoing activities related to climate change.

The purpose of this letter is to provide an update on the status of the development of a proposed regulation that intends to enhance our nation's energy security and to control green house gas (GHG) emissions from the transportation sector. Further, we offer you the opportunity to learn more about the actions being considered in this rulemaking process and for you to provide us with any feedback on the actions being proposed.

As background, the Agency is operating under direction of an Executive Order issued by of the President of the United States on May 14, 2007. The President directed agencies to take first steps toward regulations that would cut gasoline consumption and greenhouse gas emissions from motor vehicles, using his "Twenty in Ten" plan (the Plan) as a starting point. This plan provides a framework to address energy security and reduce greenhouse gas emissions from the transportation sector by reducing annual gasoline consumption by 20 percent in 2017. The President has directed members of his administration to complete this process by the end of 2008.

EPA, the National Highway Traffic, the Departments of Agriculture and Energy are engaged in discussions and detailed technical analysis to support implementation of new regulations. Under the Authority of the Clean Air Act, EPA is developing proposed regulations to reduce GHG's from vehicles and fuels. The plan includes increasing the supply of renewable and other alternative fuels by setting a mandatory fuels standard to require the equivalent of 35 billion gallons of renewable and other alternative fuels in 2017 – nearly five times the 2012 target now in law. In 2017, this will displace 15 percent of projected annual gasoline use. Further, the plan intends to set performance standards for vehicles which will reduce GHG's and result in greater fuel efficiency, with projected annual gasoline use reduced by up to 8.5 billion gallons, an additional 5 percent reduction. Once the proposal has been announced, we will further summarize the critical elements of the proposal and provide you with additional details on where to access the rule and supporting documents (website address) and how to provide comments should you choose to do so. We anticipate this information will be available early in 2008. We also intend to hold an exclusive conference call with tribal governments during which we intend to provide an overview of the specific provisions of the proposed rule and to

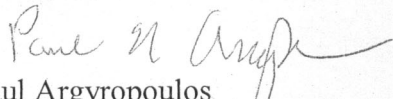
discuss and address subsequent related actions. We intend to coordinate this call through the usual channels including the National Tribal Air Association to ensure interested parties are made aware of the call and have the opportunity to participate. We intend to set a date for the call within a month following the official announcement of the proposed rule.

However, there is also currently several energy related bills proposed and under consideration before Congress that could affect some or all aspects of EPA's proposal. If Congressional action were to occur that influences this process, we will notify you in a subsequent communication.

EPA's trust responsibility, the government-to-government relationship between EPA and tribes, the 1984 Indian Policy, and, Executive Order 13175 on consultation, are additional requirements and obligations that OTAQ will respect throughout this process. We would therefore like to offer the opportunity, if you choose to request formal consultation with EPA's Office of Transportation and Air Quality. If you would like to request such a meeting, please do not hesitate to contact me. Your input is important to us and I assure you that your comments will receive full consideration in preparation of the final rule and that all EPA senior managers involved with developing the final rule will be aware of your comments.

If you have any questions, please contact Paul Argyropoulos at (202)-564-1123 or argyropoulos.paul@epa.gov. Your participation will serve both tribal needs and Clean Air Act requirements. We appreciate and respect your participation and look forward to your input.

Sincerely,



Paul Argyropoulos
Chair, EPA Intra-Agency Workgroup
Greenhouse Gas Transportation Rule
Office of Transportation and Air Quality

Attachment: General Summary of Greenhouse Gas Rulemaking Process

Attachment

Overview: Proposed Rulemaking to Control Greenhouse-Gas Emissions from Vehicles & Fuels

The U.S. Environmental Protection Agency is developing its first regulations to limit greenhouse-gas emissions from the transportation sector, which contribute to global warming. We expect to set national standards under the Clean Air Act that apply to cars, sport-utility vehicles, minivans, pickups and the fuels they operate on.

Background

President Bush in May signed an executive order instructing EPA and other federal agencies to take the first regulatory steps to reduce greenhouse-gas emissions from cars and fuels. The president directed that regulations be finalized by the end of 2008. EPA has consulted closely with the departments of Agriculture, Energy, and Transportation on this important rule.

The President directed us to use as a starting point his "20-in-10" plan to reduce U.S. gasoline consumption by 20% over the next 10 years. This plan relies on two strategies: reducing gasoline use 5% by increasing fuel-economy standards and an additional 15% by mandating use of the equivalent of 35 billion gallons of renewable and alternative fuels.

The transportation sector currently contributes 28% of U.S. greenhouse-gas emissions. Within the sector, passenger cars and light trucks contribute 60%. Emissions from the U.S. transportation sector alone are greater than all greenhouse-gas emissions from every nation but China.

The proposed new rules will have three key elements: An endangerment finding, vehicle emissions performance controls and renewable and alternative fuel requirements.

Endangerment Finding

Under the Clean Air Act, we may not establish regulations until the EPA administrator determines that a certain pollutant emitted by motor vehicles might "reasonably be anticipated to endanger public health or welfare." As part of this rulemaking process, we are therefore drafting an "endangerment finding" assessing the hazards posed by greenhouse gases. Our approach is not to create a new scientific assessment but to rely on recently published, consensus-based, peer-reviewed assessments and reports. These include those from the United Nations Intergovernmental Panel on Climate Change, the U.S. Climate Change Science Program, and the National Academy of Sciences.

Vehicles

EPA has taken significant steps since passage of the Clean Air Act Amendments of 1990 to reduce emissions from mobile sources such as volatile organic compounds, nitrogen oxides, and particulate matter that cause or contribute to air pollution. While cars and trucks are 90% cleaner than those traveling the highways just a short time ago, the recent

decision by the Supreme Court and the direction provided by the president's executive order require the Agency now turn its attention to controlling greenhouse-gas emissions from the transportation sector.

Our policy target is to set performance standards to reduce GHG's and improve fuel efficiency of cars and light trucks by up to 4% per year from 2010 to 2017. We are looking at a number of issues including technology, cost, benefits, energy security, fuel savings, carbon reductions, and opportunities for cost-effective reductions from other greenhouse-gas emissions. Teams are evaluating about 50 vehicle technologies for five car and truck vehicle classes. Our assessment includes greenhouse-gas reduction potential, costs, and lead-time requirements. Technologies that could be used to boost fuel efficiency and reduce greenhouse gases include improved valve trains, enhanced transmissions (e.g., six-speed, seven-speed, continuously variable transmission), more-efficient air conditioners, turbocharging, diesel engines, hybrids, and others.

Fuels

EPA adopted the country's first Renewable Fuel Standard earlier this year. This rule, mandated by the Energy Policy of Act of 2005, requires the use of at least 7.5 billion gallons of renewable fuel in motor vehicles by 2012. The marketplace is expected to meet this target a few years early, primarily by using ethanol made from corn as well as a lesser amount of biodiesel.

To continue reducing the greenhouse-gas footprint of motor fuels, we are pursuing development of a new renewable and alternative fuel program. The policy target set by executive order is the equivalent of 35 billion gallons by 2017. We are evaluating the types and expected amount of various renewable and alternative fuel that might be feasible and when they will likely be commercially available. Further, we are evaluating various options for setting this new standard, including what basis or form the standard will be expressed as. The proposal will also include various compliance options allowing for flexibility, to the greatest extent possible, in how the standard can be achieved. This includes the opportunity for trading credits among the various industry sectors regulated by this rule. The proposal will evaluate the impact of the program on emissions inventories for criteria pollutants and greenhouse gases from each type of fuel, analyze costs and benefits, and carefully look at other impacts of fuel production such as on agriculture, water quantity and quality, soil, etc.

EPA expects ethanol made from corn, sugar-cane ethanol, cellulosic ethanol, biodiesel and renewable diesel, and diesel made from clean lower-carbon-intensity coal-to-liquid processes to make up a significant volume of the near-term renewable and alternative fuels. Natural gas and other fuels are anticipated to make up a lesser extent of the required volume. As part of this rulemaking, we must determine how a greater supply of renewable and alternative fuels will be distributed from producers to retail stations, and what affect various fuels will have on our nation's energy security.

The United States currently must import 60% of our oil needs from foreign nations. Beyond reducing pollutants that contribute to climate change, an important goal of this rulemaking is to reduce our dependence on foreign oil.

Tribal Participation Opportunities

We will continue to provide frequent updates, opportunities for additional dialog, and the opportunity for consultation in addition to our formal public-comment period that is followed for all our rulemakings. That process allows all interested parties to respond to our proposal. These comments will be reviewed and addressed prior to adoption of a final rule in late 2008.

For More Information

You can access general information about greenhouse gases and the transportation sector on EPA's Office of Transportation and Air Quality Web site at:

www.epa.gov/otaq/greenhousegases.htm

For more information on this proposed rulemaking, please contact Paul Argyropoulos at Argyropoulos.Paul@epa.gov, 202-564-1123, or:

Paul Argyropoulos
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
Mailcode 6401A
1200 Pennsylvania Ave., NW
Washington, DC 20460